

# House File 646 - Reprinted

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 162)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning social and charitable gambling, including the  
2 regulation of cash raffles at fairs, prohibiting raffles at  
3 annual game nights, establishing a permanent electrical and  
4 mechanical amusement devices special fund and providing an  
5 appropriation, prohibiting certain electrical or mechanical  
6 amusement devices and bona fide contests, and providing for  
7 the denial, suspension, and revocation of certain gambling  
8 licenses by the department of inspections and appeals.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 1261HV 81  
11 ec/sh/8

PAG LIN

1 1 Section 1. Section 99B.5, subsection 1, paragraphs e and  
1 2 g, Code 2005, are amended to read as follows:  
1 3 e. Except with respect to an annual raffle as provided in  
1 4 paragraph "g", and subsection 3, cash prizes are not awarded  
1 5 and merchandise prizes are not repurchased.  
1 6 g. The actual retail value of any prize does not exceed  
1 7 one thousand dollars. If a prize consists of more than one  
1 8 item, unit, or part, the aggregate retail value of all items,  
1 9 units, or parts shall not exceed one thousand dollars.  
1 10 However, either a fair sponsor or a qualified organization,  
1 11 but not both, may hold one raffle per calendar year at which  
1 12 prizes having a combined value of more than one thousand  
1 13 dollars may be offered. If the prize for the annual raffle is  
1 14 cash, the total cash amount awarded shall not exceed two  
1 15 hundred thousand dollars. If the prize is merchandise, its  
1 16 value shall be determined by the purchase price paid by the  
1 17 fair sponsor or qualified organization.  
1 18 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph  
1 19 1, Code 2005, is amended to read as follows:  
1 20 A licensee under this section may hold one real property  
1 21 raffle per calendar year in lieu of the annual raffle  
1 22 authorized in subsection 1, paragraph "g", at which the value  
1 23 of the real property may exceed one thousand dollars in lieu  
1 24 of the or an annual raffle of cash as authorized in subsection  
1 25 1, paragraph "g", if the total cash amount awarded is one  
1 26 hundred thousand dollars or more, if all of the following  
1 27 applicable requirements are met:  
1 28 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code  
1 29 2005, is amended to read as follows:  
1 30 a. The licensee has submitted the special real property or  
1 31 cash raffle license application and a fee of one hundred  
1 32 dollars to the department, has been issued a license, and  
1 33 prominently displays the license at the drawing area of the  
1 34 raffle.  
1 35 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended  
2 1 to read as follows:  
2 2 4. For each real property or cash raffle license issued  
2 3 pursuant to subsection 3, the department shall conduct a  
2 4 special audit of the raffle to verify compliance with the  
2 5 appropriate requirements of this chapter.  
2 6 Sec. 5. Section 99B.8, subsection 1, unnumbered paragraph  
2 7 1, Code 2005, is amended to read as follows:  
2 8 Games of skill, games of chance, and card games ~~and raffles~~  
2 9 lawfully may be conducted during a period of twelve  
2 10 consecutive hours once each year by any person. The games ~~or~~  
2 11 ~~raffles~~ may be conducted at any location except one for which  
2 12 a license is required pursuant to section 99B.3 or section

2 13 99B.5, but only if all of the following are complied with:

2 14 Sec. 6. Section 99B.10, Code 2005, is amended by adding  
2 15 the following new subsection:

2 16 NEW SUBSECTION. 9. An electrical or mechanical amusement  
2 17 device required to be registered as provided in this section  
2 18 shall not be a gambling device, as defined in section 725.9,  
2 19 or a device that plays poker, blackjack, or keno.

2 20 Sec. 7. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL  
2 21 AMUSEMENT DEVICES == SPECIAL FUND.

2 22 Fees collected by the department pursuant to sections  
2 23 99B.10 and 99B.10A shall be deposited in a special fund  
2 24 created in the state treasury. Moneys in the fund are  
2 25 appropriated to the department of inspections and appeals and  
2 26 the department of public safety for administration and  
2 27 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,  
2 28 including employment of necessary personnel. The distribution  
2 29 of moneys in the fund to the department of inspections and  
2 30 appeals and the department of public safety shall be pursuant  
2 31 to a written policy agreed upon by the departments.

2 32 Notwithstanding section 12C.7, subsection 2, interest or  
2 33 earnings on moneys deposited in the fund shall be credited to  
2 34 the fund. Notwithstanding section 8.33, moneys remaining in  
2 35 the fund at the end of a fiscal year shall not revert to the  
3 1 general fund of the state.

3 2 Sec. 8. Section 99B.11, Code 2005, is amended by adding  
3 3 the following new subsection:

3 4 NEW SUBSECTION. 3. A poker, blackjack, craps, keno, or  
3 5 roulette contest, league, or tournament shall not be  
3 6 considered a bona fide contest under this section.

3 7 Sec. 9. Section 99B.14, Code 2005, is amended to read as  
3 8 follows:

3 9 99B.14 ~~REVOCATION OF~~ LICENSE DENIAL, SUSPENSION, AND  
3 10 REVOCATION.

3 11 1. The department ~~shall~~ may deny, suspend, or revoke a  
3 12 license issued pursuant to this chapter if the department  
3 13 finds that an applicant, licensee, or an agent of the licensee  
3 14 violates or permits violated or permitted a violation of a  
3 15 provision of this chapter, or a departmental rule adopted  
3 16 pursuant to chapter 17A, or if a for any other cause exists  
3 17 for which the director of the department would be or would  
3 18 have been justified in refusing to issue a license, or upon  
3 19 the conviction of a person of a violation of this chapter or a  
3 20 rule adopted under this chapter which occurred on the licensed  
3 21 premises. However, the denial, suspension, or revocation of  
3 22 one type of gambling license does not require, but may result  
3 23 in, the denial, suspension, or revocation of a different type  
3 24 of gambling license held by the same licensee.

3 25 Revocation proceedings shall be held only after giving  
3 26 notice and an opportunity for hearing to the licensee. Notice  
3 27 shall be given at least ten days in advance of the date set  
3 28 for hearing. If the department finds cause for revocation,  
3 29 the license shall be revoked for a period not to exceed two  
3 30 years.

3 31 2. The process for denial, suspension, or revocation of a  
3 32 license shall commence by delivering to the applicant or  
3 33 licensee by certified mail, return receipt requested, or by  
3 34 personal service a notice setting forth the particular reasons  
3 35 for such action.

4 1 a. If a written request for a hearing is not received  
4 2 within thirty days after the mailing or service of the notice,  
4 3 the denial, suspension, or revocation of a license shall  
4 4 become effective pending a final determination by the  
4 5 department. The determination involved in the notice may be  
4 6 affirmed, modified, or set aside by the department in a  
4 7 written decision.

4 8 b. If a request for a hearing is timely received by the  
4 9 department, the applicant or licensee shall be given an  
4 10 opportunity for a prompt and fair hearing before the  
4 11 department and the denial, suspension, or revocation shall be  
4 12 deemed suspended until the department makes a final  
4 13 determination. However, the director may suspend a license  
4 14 prior to a hearing if the director finds that the public  
4 15 integrity of the licensed activity is compromised or there is  
4 16 a risk to public health, safety, or welfare. In addition, at  
4 17 any time during or prior to the hearing the department may  
4 18 rescind the notice of the denial, suspension, or revocation  
4 19 upon being satisfied that the reasons for the denial,  
4 20 suspension, or revocation have been or will be removed. On  
4 21 the basis of any such hearing, the determination involved in  
4 22 the notice may be affirmed, modified, or set aside by the  
4 23 department in a written decision.

4 24     3. A copy of the final decision of the department shall be  
4 25 sent by certified mail, return receipt requested, or served  
4 26 personally upon the applicant or licensee. The applicant or  
4 27 licensee may seek judicial review in accordance with the terms  
4 28 of the Iowa administrative procedure Act, chapter 17A.  
4 29     4. The procedure governing hearings authorized by this  
4 30 section shall be in accordance with the rules promulgated by  
4 31 the department and chapter 17A.  
4 32     5. If the department finds cause for denial of a license,  
4 33 the applicant may not reapply for the same license for a  
4 34 period of two years. If the department finds cause for  
4 35 suspension, the license shall be suspended for a period  
5 1 determined by the department. If the department finds cause  
5 2 for revocation, the license shall be revoked for a period not  
5 3 to exceed two years.  
5 4 HF 646  
5 5 ec:nh/es/25